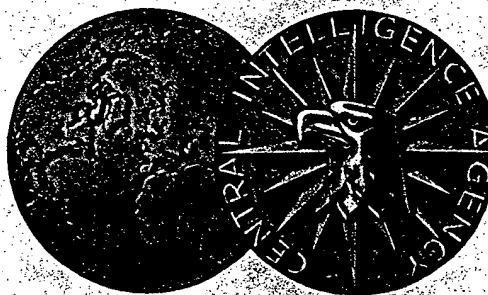


SECRET

COPY NO. 81

# WEEKLY SUMMARY



Number 42

18 MAR 1949

Document No. 1

NO CHANGE in Class. ☐

☒ DECLASSIFIED

Class. CHANGED TO: TS S C

DDA Memo, 4 Apr 77

Auth: DDA REG. 77/1763

Date: 2/2/78 By:           

CENTRAL INTELLIGENCE AGENCY

F21

235020

SECRET

~~SECRET~~

## EASTERN EUROPE

### SOVIET UNION

**Molotov-Mikoyan Shift** No basic change in Soviet policy toward the West can be expected as a result of recent personnel changes in the Soviet hierarchy. These changes were probably designed to increase the efficiency of party and state mechanisms, both politically and economically. The relatively rapid consolidation of the West, as currently exemplified by the Atlantic Pact, is the immediate reason for the personnel changes. The realignment of personnel simultaneously presages intensified efforts to consolidate and strengthen the Soviet orbit politically, economically, and militarily.

The cold war can be expected to continue undiminished in intensity. Recent speeches by western European Communist leaders suggest that subversion and sabotage, in addition to more conventional tactics, eventually will play a more important role in Soviet-Communist strategy against the West. Responsibility for formal political and economic relations with the West has passed from Molotov and Mikoyan to Vishinsky and Menshikov, both technical executives without policy function who can be expected to adhere religiously to policies established by the Politburo.

The relief of Molotov, Mikoyan, and Voznesensky from operational responsibility will leave them free to concentrate on pressing problems of political and economic policy of the entire Soviet orbit. Molotov, as heir apparent to the Soviet throne, would be the logical choice to assume over-all command. Such responsibility would bring him one step closer to eventual assumption of complete power in the event of Stalin's retirement or death.

Mikoyan and Voznesensky are the best-qualified Soviet leaders to deal with the economic consolidation and strengthening of the Soviet bloc. Mikoyan is apparently the leading figure in the Soviet-inspired Council of Economic Mutual Assistance (CEMA) which has already begun to assume the function of economic planning for the entire Soviet bloc.

One of the first results of this Soviet realignment will probably be shown in the handling of the case of Tito. Tito's defection, with its ramifications, is undoubtedly the most pressing internal problem of the Soviet sphere and demands a drastic solution to prevent the further spread of nationalistic deviation.

~~SECRET~~

~~SECRET~~

## SOVIET UNION

**The New Budget** The provisions of the 1949 budget adopted by the Supreme Soviet reflect increased Soviet emphasis on industrial and military production. Although the allocation to national economy represented only a nominal increase over the 1948 total, a substantial expansion in heavy industry is planned. Compared with 1948, the appropriation for capital construction rose from 57 to 80 billion rubles, and investments from industry profits were set at 26 instead of 9 billion rubles. Moreover, the 60% increase in the amount allocated for agricultural mechanization suggests that some of these funds may be diverted to the production of mechanized equipment suitable for military use. A preliminary analysis of strictly military appropriations (announced and concealed) indicates a possible increase from 1948's 125 billion rubles to approximately 165. This is the first announced increase in military appropriations since 1945. The total military allocation represents about 40% of the total budget and about 30% of the national income of the Soviet Union. Moreover, these figures do not include such additional military accruals as: (1) Satellite military production for Soviet account; (2) military plants being received as reparations; and (3) requisitions for the maintenance of occupation forces.

**Role in UN** Despite recent shifts in high-level Soviet personnel, there is no indication that the Kremlin is planning an early Soviet withdrawal from the UN. The USSR will continue its aggressive obstructionist tactics and will remain in the UN in order to: (1) prevent it from becoming a body exclusively oriented toward the West; (2) use it as a sounding board for Soviet propaganda; and (3) veto any enforcement measures which threaten Soviet interests. Meanwhile, however, the USSR's fundamental hostility to the UN's developing economic, scientific, and social activities is becoming more apparent. The USSR, realizing that the struggle between East and West will for the next few years

~~SECRET~~

~~SECRET~~

## SOVIET UNION

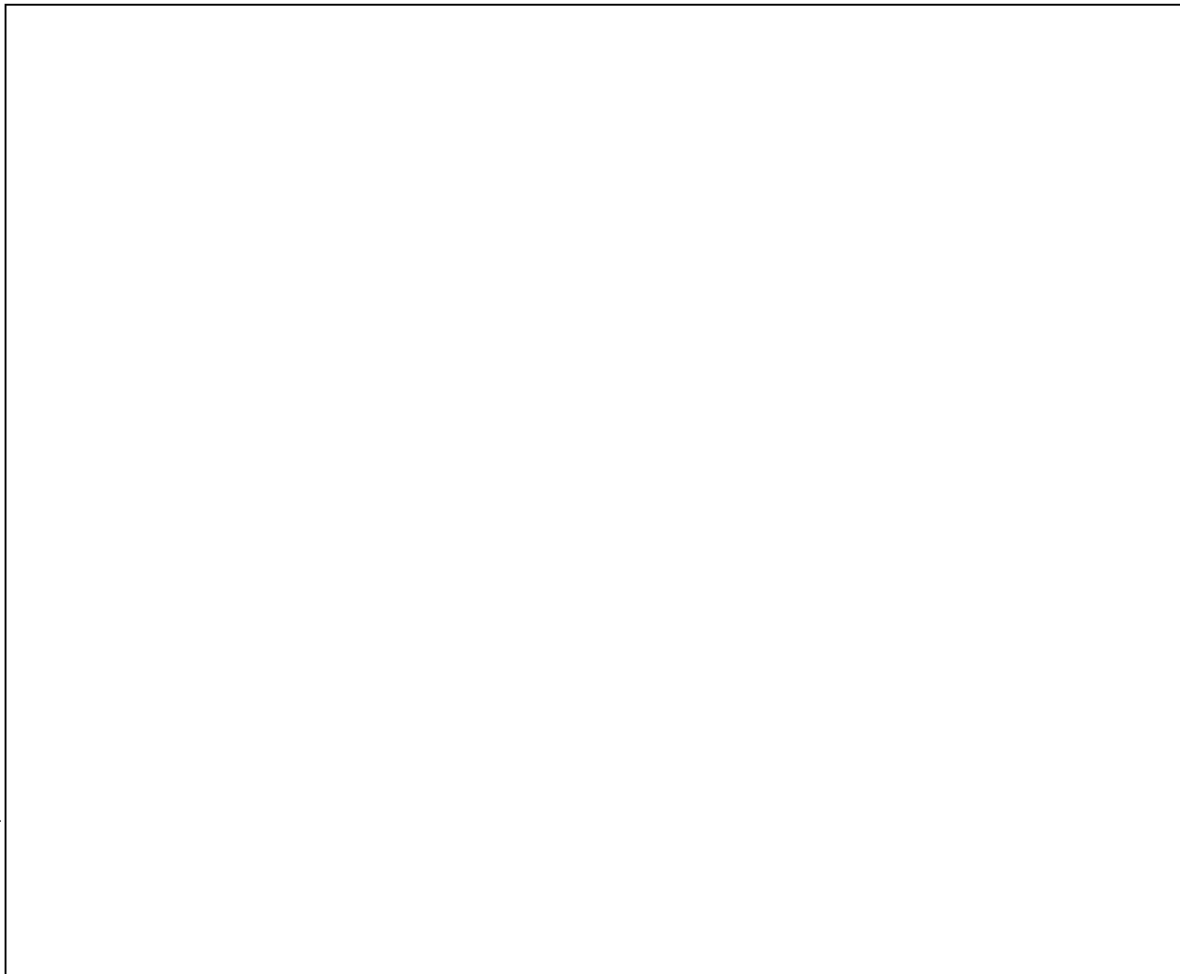
be largely in the economic and social sphere, is increasingly concerned that the UN will become a structure of international cooperation inimical to Soviet aims. Soviet propaganda with increasing vehemence is attacking such agencies as the International Bank, World Monetary Fund, World Health Organization, International Refugee Organization, Food and Agricultural Organization, and International Labor Organization--all of which are being branded as US-dominated and as serving the interests of western imperialists. The vigor of the attacks also reveals the Kremlin's appreciation of the role these agencies can play in implementing the Truman program for aid to backward areas.

**Pressure on Scandinavia** The many rumors of increases in the number or movement of Soviet troops along the Finnish border are believed to be deliberately inspired by the USSR as part of a war-of-nerve against the Scandinavian countries. This war-of-nerve has the twin goal of: (1) preventing Scandinavian participation in the Atlantic Pact, or at least lessening the effectiveness of such participation; and (2) intimidating border-line countries throughout the world who may wish to form closer ties with the West. It is unlikely that the USSR is preparing for armed intervention in Finland or the other Scandinavian countries, although the Kremlin will probably increase its economic and political pressure against Finland.

~~SECRET~~

~~SECRET~~

## NEAR EAST - AFRICA



### IRAN

**Soviet Relations** Intensified Soviet pressure against Iran is expected as a result of the recent serious deterioration in relations between the two countries. Principal factors causing this deterioration have been: (1) the suppression

- 9 -

~~SECRET~~

~~SECRET~~

## IRAN

of the pro-Soviet Tudeh Party in Iran; (2) far more belligerent anti-Soviet Iranian propaganda; (3) the shipment of US arms to Iran; and (4) public reference to the possibility of Iranian participation in a Mediterranean or Near Eastern pact. The USSR probably sees in these developments a further threat to its principal immediate aims in Iran: gaining control over Iranian oil and blocking closer military ties between Iran and the West. Increased Soviet pressure will probably not take the form of overt military intervention. Instead, the USSR will probably renew its demands that Iran maintain "friendly" relations with the USSR and build up Soviet troop concentrations on the Iranian border. The Soviet Union may also attempt to incite uprisings in Azerbaijan. In order to counteract such measures, Iran will probably inform the UN Security Council of the deterioration in Soviet-Iranian relations and press for a US denial of Soviet charges that Iran is being turned into an offensive base against the USSR.

- 10 -

~~SECRET~~